



# Progress to Net Zero for Oil & Gas Companies

*SPE London*



16<sup>th</sup> April 2024

**sustainable actions**  
**risk - emissions - engagement**

## Progress to Net Zero for oil and gas companies

### Topics:

- Response to rising climate litigation
- Increasing reporting requirements
- Emissions reductions vs MER
- Missed Net Zero targets
- Emission reduction technologies
- Starting the Net Zero journey



**Dr. Amanda Turner**  
Principal Consultant

# Introducing Amanda



Clyde Petroleum



QINETIQ





# The sustain:able Team

**Dr Rachel Gavey**  
(she/her)  
Co-Founder &  
Commercial Director



**Dr Rosalie Constable**  
(she/her)  
Co-Founder &  
Technical Director



**Dr Charlie Watson**  
(he/they)  
Reporting Frameworks  
& Emissions Expert



**Robinson Ododa**  
(he/him)  
Environmental Expert  
& GHG Emissions



**Dr Amanda Turner**  
(she/her)  
Strategy  
& Project QC



**Alison Isherwood (MEng)**  
(she/her)  
GHG Emissions  
& ESG Advisory



**Emily Hieatt**  
(she/her)  
Digital &  
Administration



**Lee Billingham (CEng)**  
(he/him)  
Engineering Advisory  
& Risk



**Wide oil & gas and energy background – previously worked as geologists, engineers, commercial, environmental specialists for operators and service companies globally**

# Service Streams - Advisory & Due Diligence

Same expertise - varying application



## Company Advisory

GHG emissions

ESG strategy

Frameworks

Implementation

Communications



## Due Diligence

Emissions scrutiny &  
Net Zero claims

Benchmarking

ESG strategy review

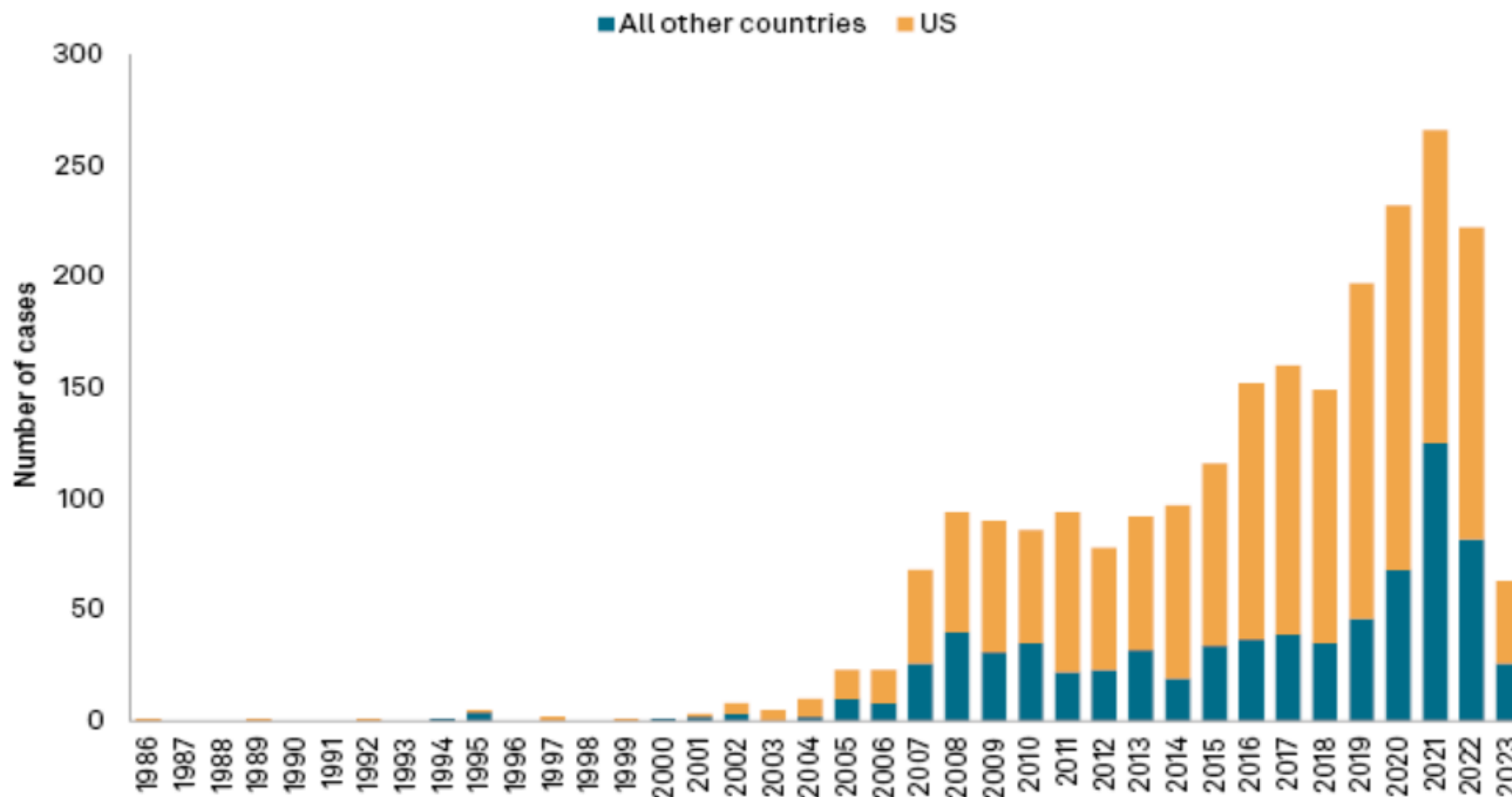
Impact of investing

Supply chain risks

# Trends and challenges

# Climate litigation is on the rise

## Climate litigation cases over time



Data accessed July 5, 2023.

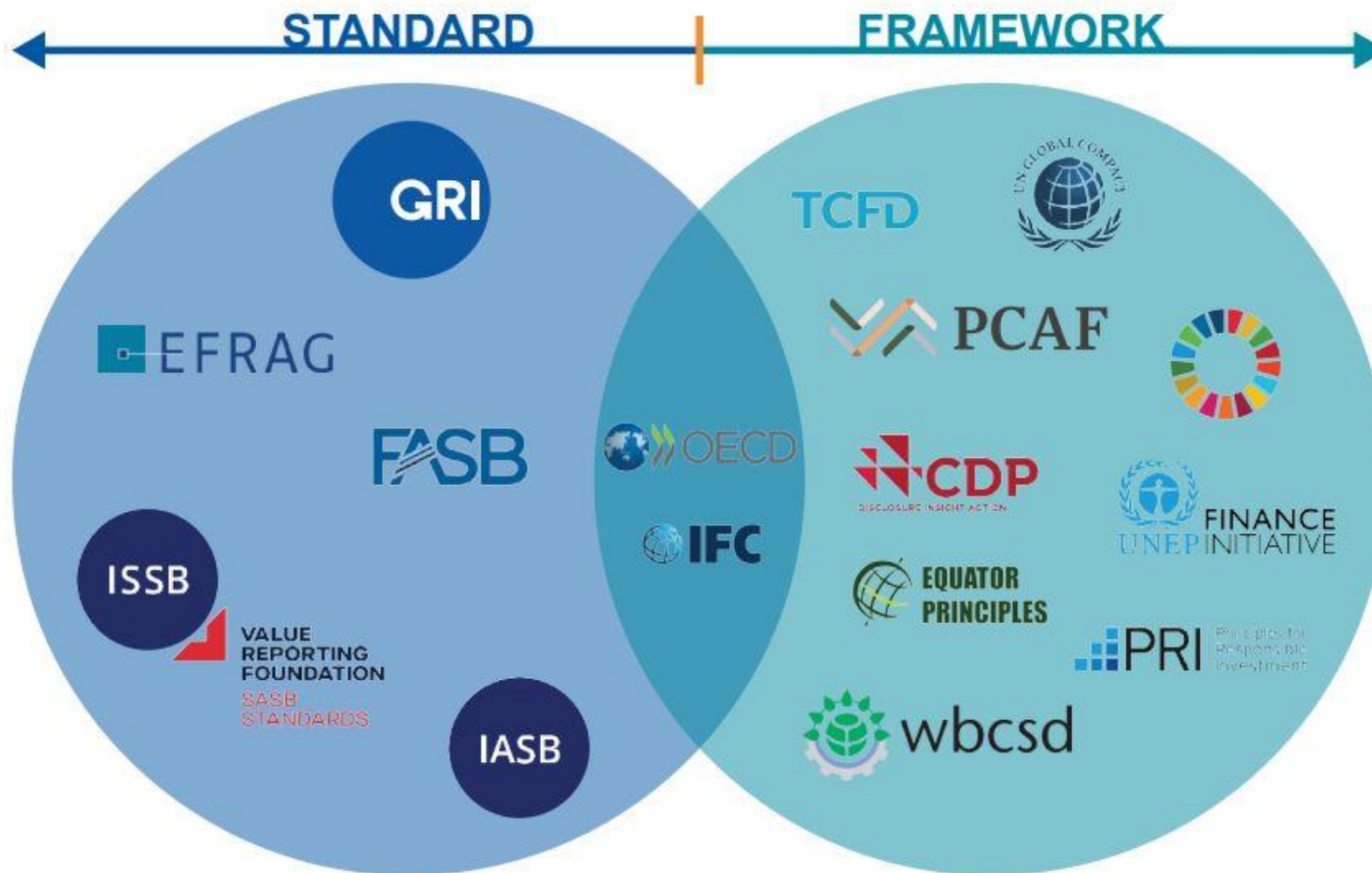
May 2023 data is preliminary and does not reflect 11 new US lawsuits filed in June.

Source: Grantham Research Institute on Climate Change and the Environment, London School of Economics.

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# Increasing regulatory requirements





***Banks and lenders....supply chain***



# Increasing regulatory requirements

## Corporate Sustainability Reporting Disclosures (CSRD) - EU

**Jan 2023**

Mandatory reporting on **Scope 3 in EU**:

- 2024/25 - Large Listed Companies
- 2025/26 - Large non-listed
- 2027 - Listed SMEs



## ISSB IFRS S2 Climate-related disclosures - Global

**June 2023**

Currently **voluntary** - individual jurisdictions considering

Requires **Scope 3** reporting.



## Transition Plan Taskforce (TPT) – UK/Global

**Oct 2023**

Currently **voluntary** - UK **FCA** have proposals that include TPT

Requires reporting **across ALL scopes**



## Security Exchange Commission (SEC) - US

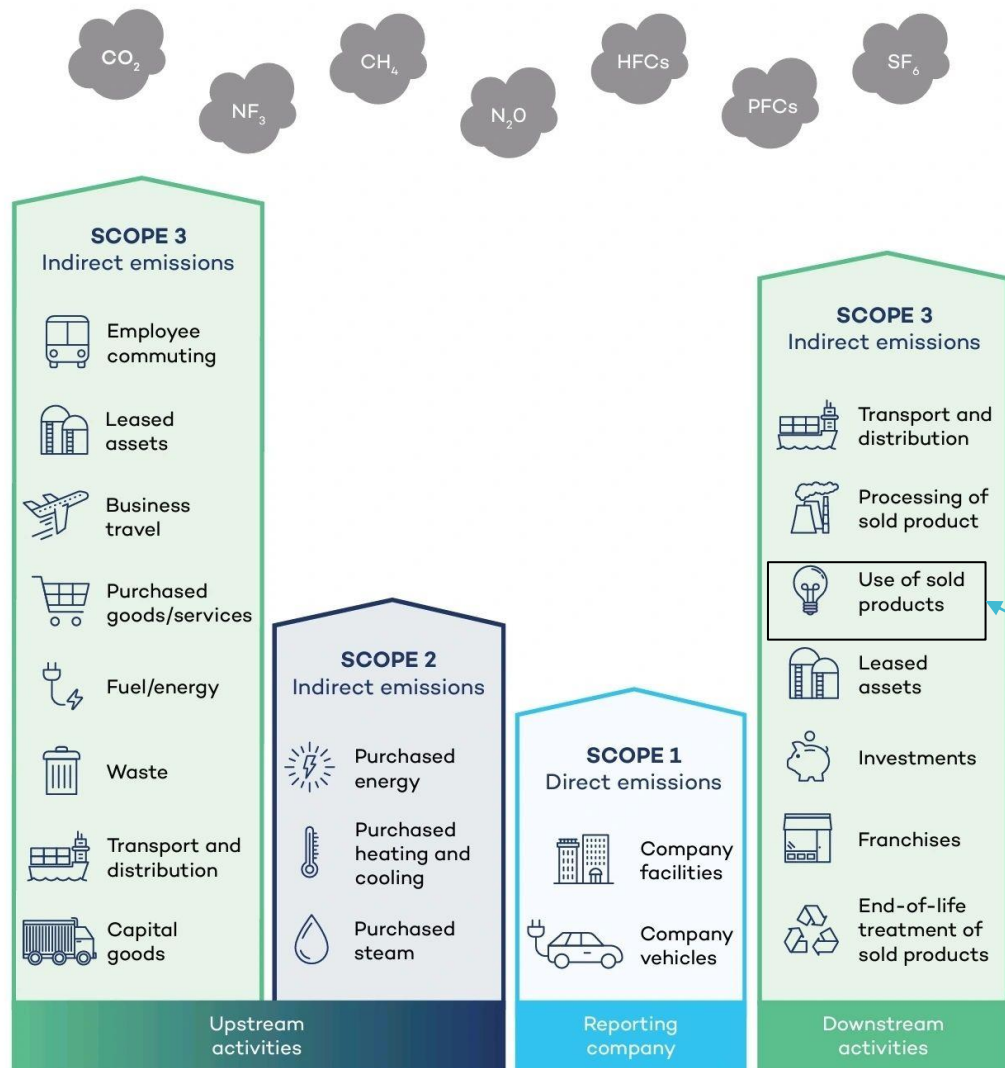
Released March **2024**

**Scope 3** reporting where **material**



# Scope 3 reporting is on the rise

Figure 2. A representation of emission processes by Scope 1, 2 and 3



***“someone else's  
Scope 1 and 2”  
Which are material  
to your company?***

More than just this !

Prioritise **material** Scope 3 emissions

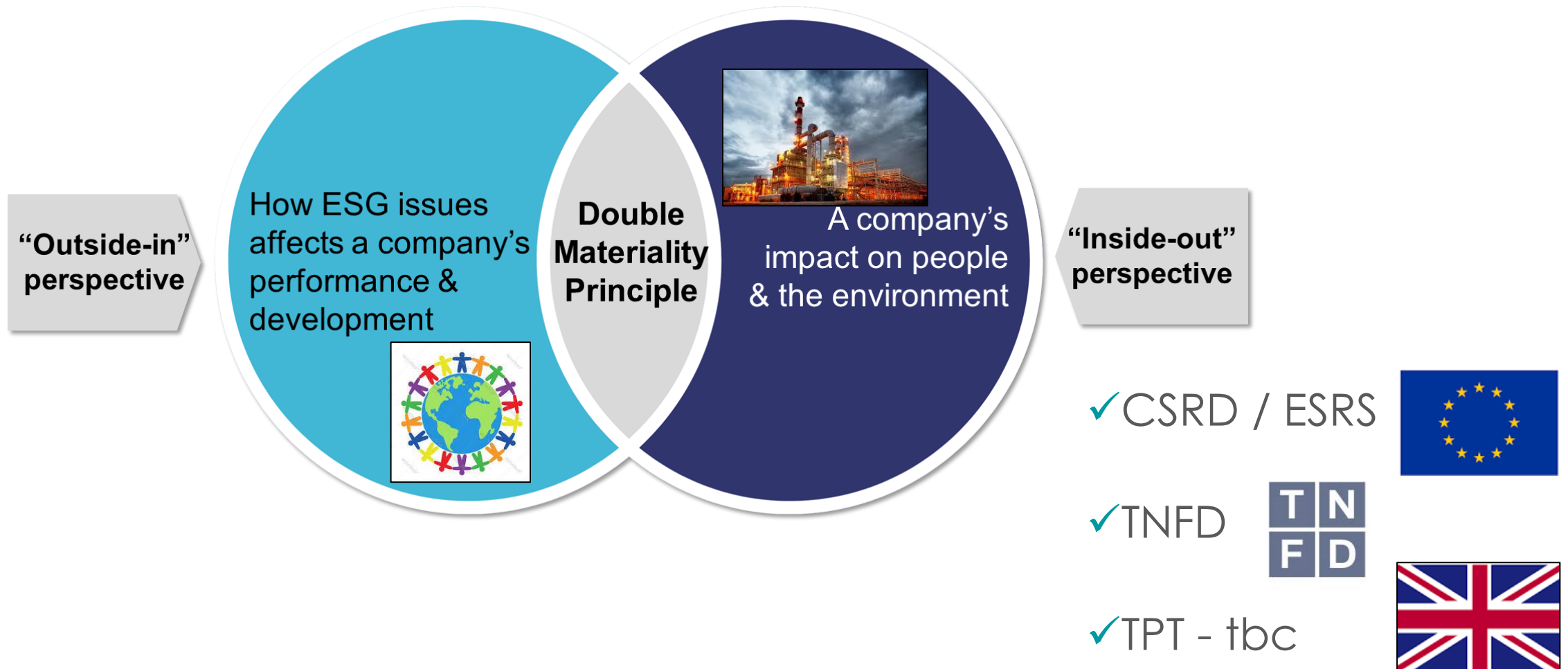
# Scope 3 reporting is on the rise – Peer review

Company	Any Scope 3 reporting	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A																
B																
C																
D																
E																
F																
G																
H																
I																
J																
K																
L																
M																
N																
O																
P																
Q																
R																
% Reporting	56%	39%	11%	28%	33%	22%	33%	17%	0%	22%	17%	44%	6%	0%	6%	11%

Scope 3 Categories	
1	Purchased Goods and Services
2	Capital Goods
3	Fuel- and Energy-related Activities Not Included in Scope 1 or Scope 2
4	Upstream Transportation and Distribution
5	Waste Generated in Operations
6	Business Travel
7	Employee Commuting
8	Upstream Leased Assets
9	Downstream Transportation and Distribution
10	Processing of Sold Products
11	Use of Sold Products
12	End-of-Life Treatment of Sold Products
13	Downstream Leased Assets
14	Franchises
15	Investments

# Double Materiality becoming the norm

***Builds the base for your ESG activities - defensible***





# Biodiversity reporting rapidly increasing

## 320

Companies, financial institutions and market service providers signal their intent to start to adopt TNFD Recommendations

**33%** Financial institutions  
**56%** Companies  
**5.5%** Market service providers  
**5.5%** Other

## 25%

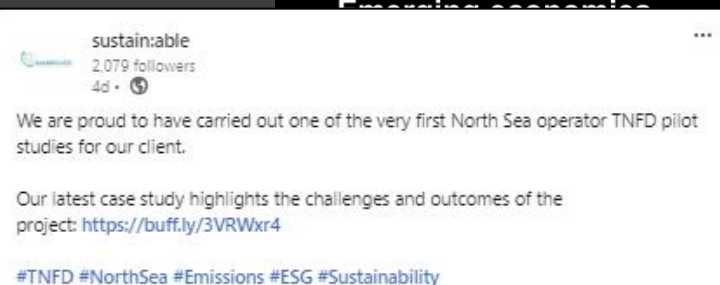
Of the world's **Global Systemically Important Banks** signed up

## 31%

Of all early adopters are **MSCI** companies

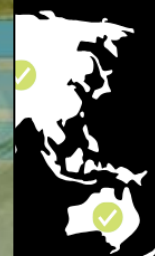


Taskforce  
Financial Institutions



## 58 of 77

**SASB Sectors (SICS)** represented by TNFD Early Adopters



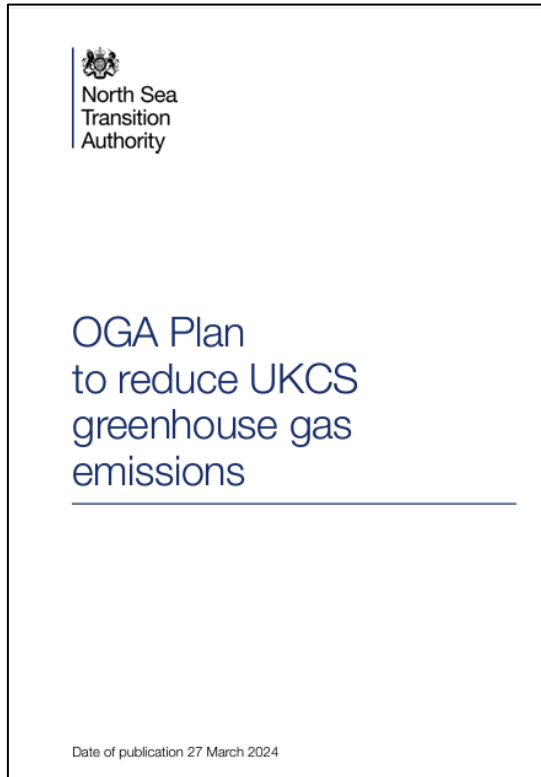
**43%** - Europe  
**42%** - Asia and the Pacific  
**6%** - Latin America and the Caribbean  
**6%** - North America  
**3%** - Africa and the Middle East

Over

## \$14tn

Estimated **AuM** of financial institutions

# OGA Plan – Key points (1)



- Rapid and sustained reductions in oil and gas production emissions continues to be essential
- Takes appropriate steps to assist the Secretary of State in meeting the net zero target by reducing GHG emissions from sources such as flaring and venting and power generation and supporting carbon capture and storage projects
- Should also consider the societal costs of emissions in their overall decision making
- Emissions offsetting will not be considered towards meeting the obligations in the Plan

# OGA Plan – Key points (2)



## OGA Plan to reduce UKCS greenhouse gas emissions

Date of publication 27 March 2024

- NSTA expects investments to reduce GHG emissions across their O&G extraction operations
- Should produce an ERAP for each asset and a SCAP
- New developments (from 2030) must be either fully electrified or run on alternative low carbon power
- Provide a documented method with split of projected flaring and venting figures to support delivery of zero routine flaring and venting from 2030
- Deliver continuous reductions of fugitive emissions

# Emissions reductions v MER (Maximising Economic Recovery)

## The Plan, Central Obligation 2:

Relevant persons must, in the exercise of their relevant activities, take the steps necessary to: a. secure that the maximum value of economically recoverable petroleum is recovered from the strata beneath relevant UK waters;

## Page 4, Section 4:

Relevant persons must give due consideration when planning, commissioning and constructing infrastructure in a way that meets the optimum configuration for maximising the value of economically recoverable petroleum that can be recovered from the region in which the infrastructure is to be located;

## Electrification overview:

In addition to electrification, the NSTA will also consider other forms of low carbon power consistent with Maximising Economic Recovery ('MER') where relevant persons present credible evidence that near equivalent emissions reductions will be achieved



# Increase in 'missed' Net Zero targets

## BP dials oil profits

The energy giant is aiming  
40 percent

By [Evan Halper](#) and [Aaron Gregg](#)  
Updated February 7, 2023 at 11:41

## Danone board ousts Emmanuel Faber as chief and chairman

Activist investors have been attacking the French consumer group since January



Emmanuel Faber took over as chief executive of Danone in 2014 © REUTERS

[Source FT 2021](#)

## Climate pivot b

By [Ron Bousso](#), S

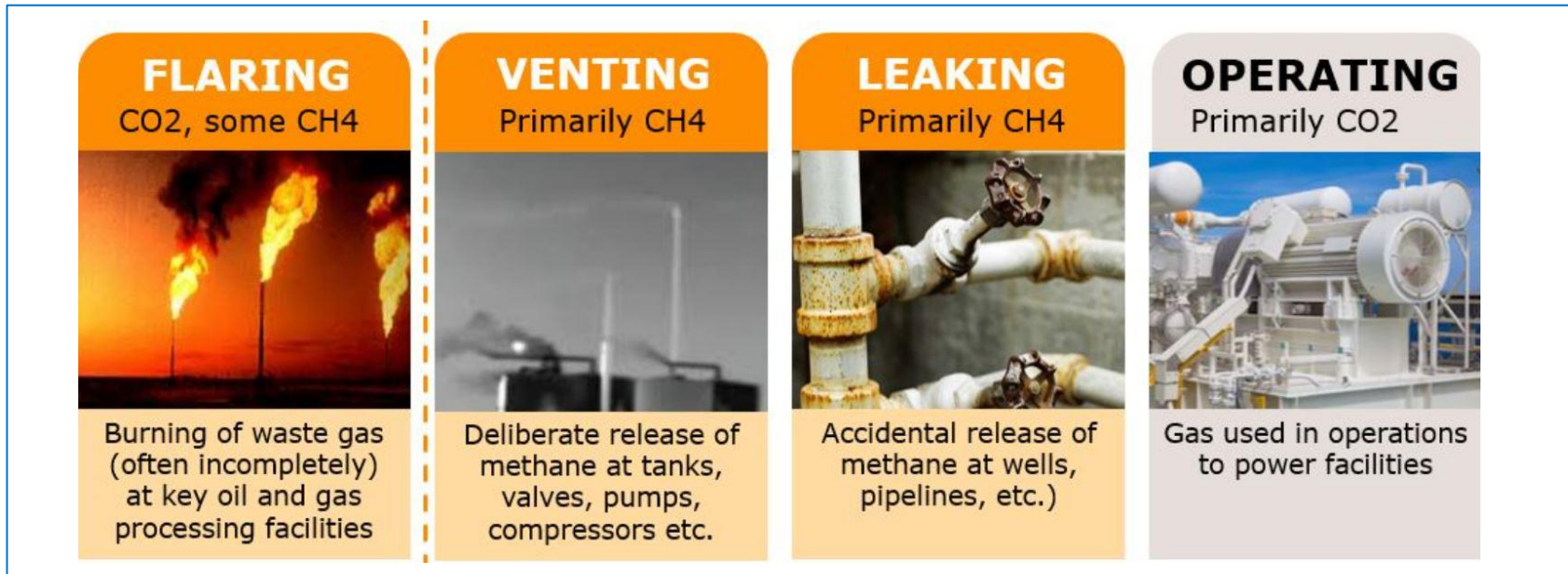
February 10, 2023 5:

s target and



# Emissions Reduction Technologies

# Emissions reduction technologies



## GHG abatement options to consider

Measurement and Monitoring



Operational 'behavioural' Changes



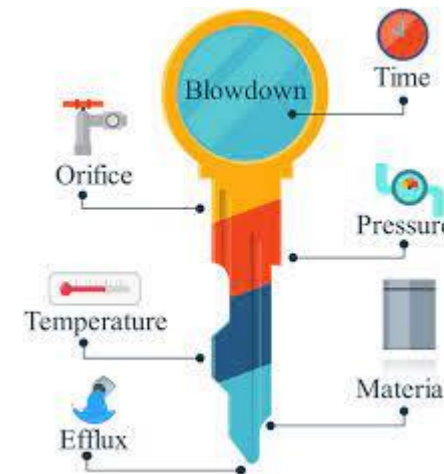
Implementation of New Technology

# Emissions Reduction Technologies 1: Venting



## Venting Emissions Reduction Technologies

- Flare the gas rather than vent it
- Capture the gas and reuse
- Vapour Recovery Unit
- Blowdown capture
- Install Plunger lift





## Flaring Emissions Reduction Technologies

- Flare the gas more efficiently
- Capture the flared gas and reuse
- Compressed Natural Gas (CNG) Technology
- Liquid Natural Gas (LNG) Technology
- Small scale Hydrogen production
- Small scale Gas to Chemical production





## Fugitive Emissions Reduction Technologies

- Vapour Recovery Units
- Improved leak detection and repair
- Preventative maintenance
- Dry gas seals







## Operations Emissions Reduction Technologies

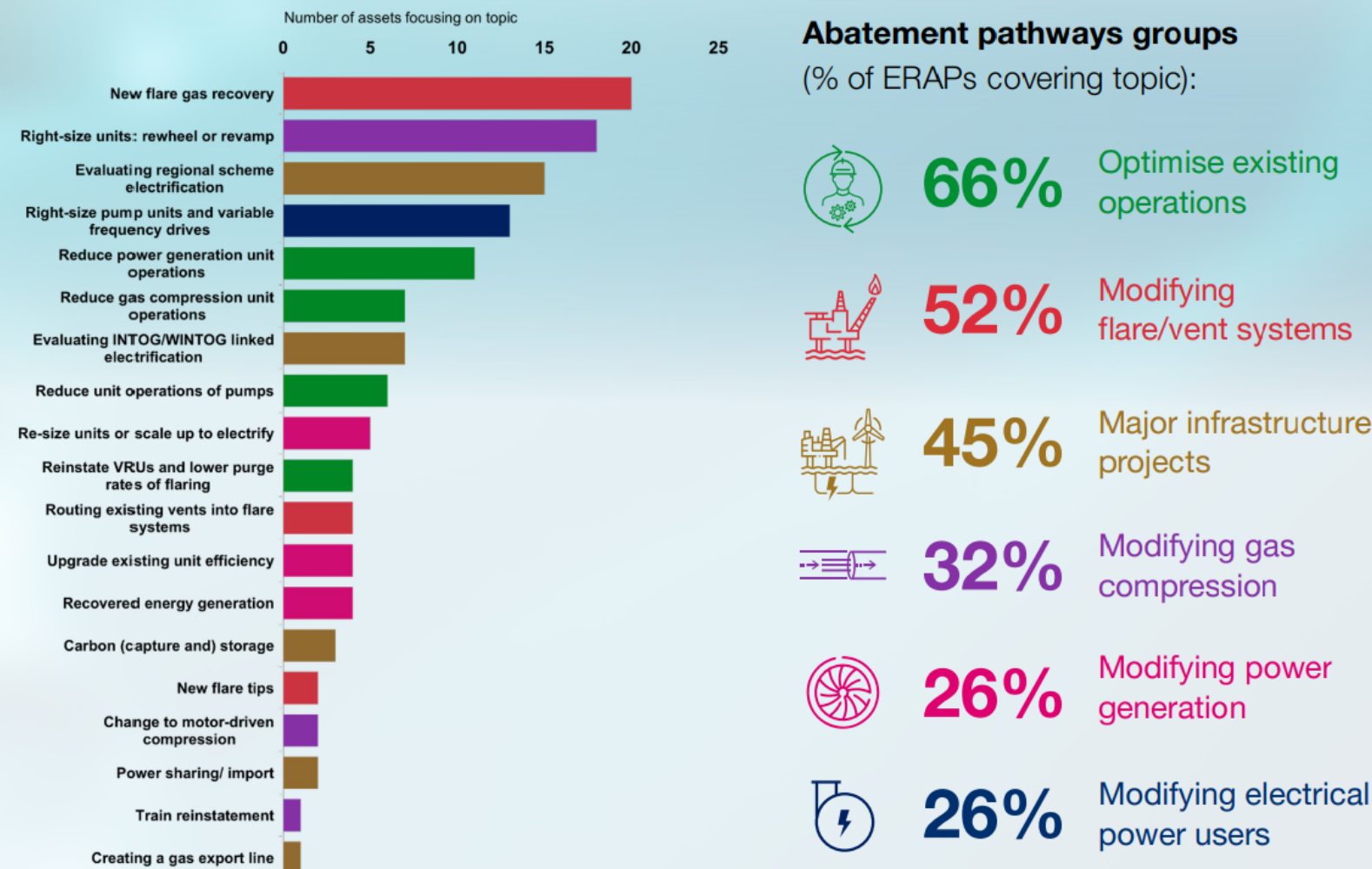


- Replacement of diesel with gas powered equipment/vehicles
- Electrification of equipment using renewable energy
- Carbon capture and storage
- Capture exhaust gas and use heat to drive steam turbines



# Emissions reduction technologies

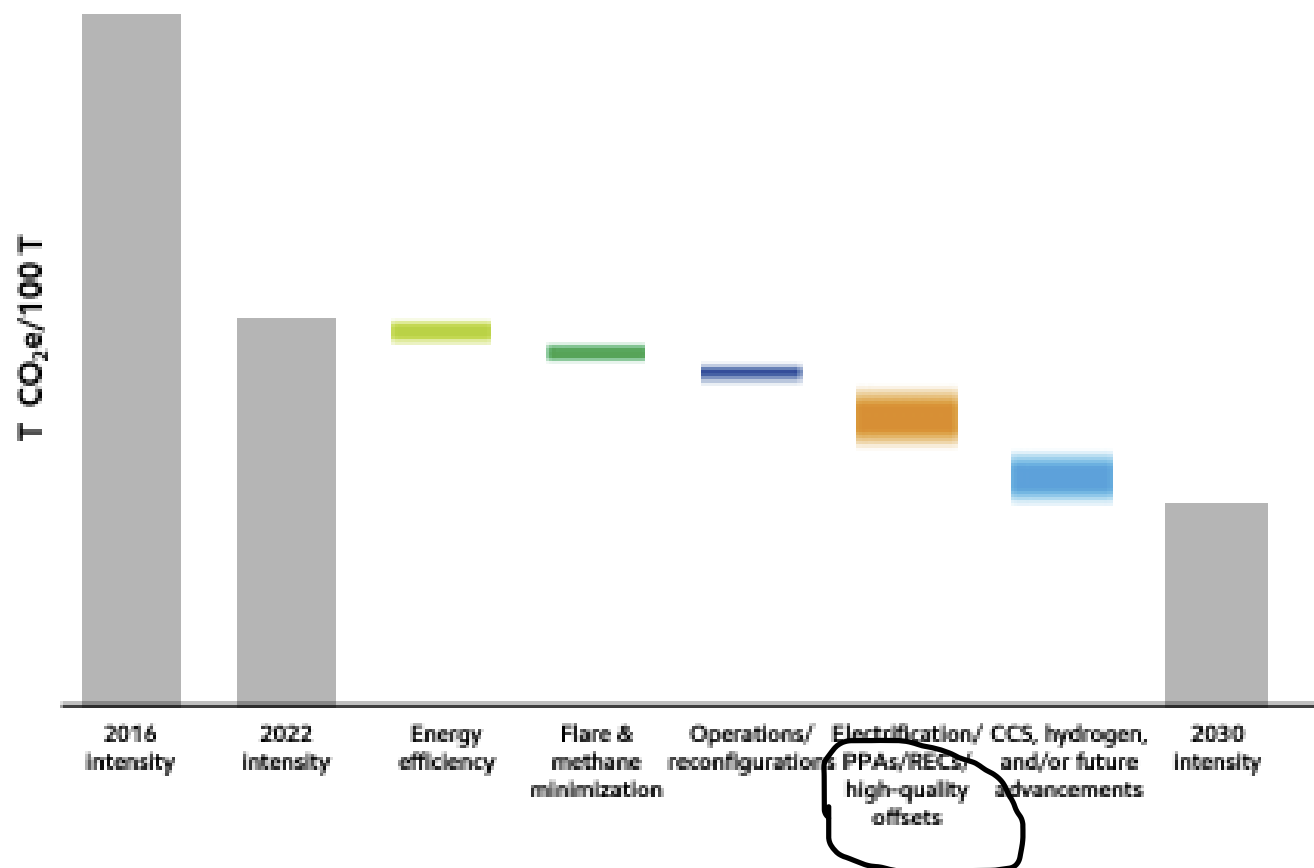
**Figure 22: ERAP decarbonisation focus areas** (source: NSTA)



# Offsetting

## Potential GHG abatement options for ExxonMobil operated assets supporting 2030 GHG emission-reduction plans<sup>20</sup>

### Roadmap

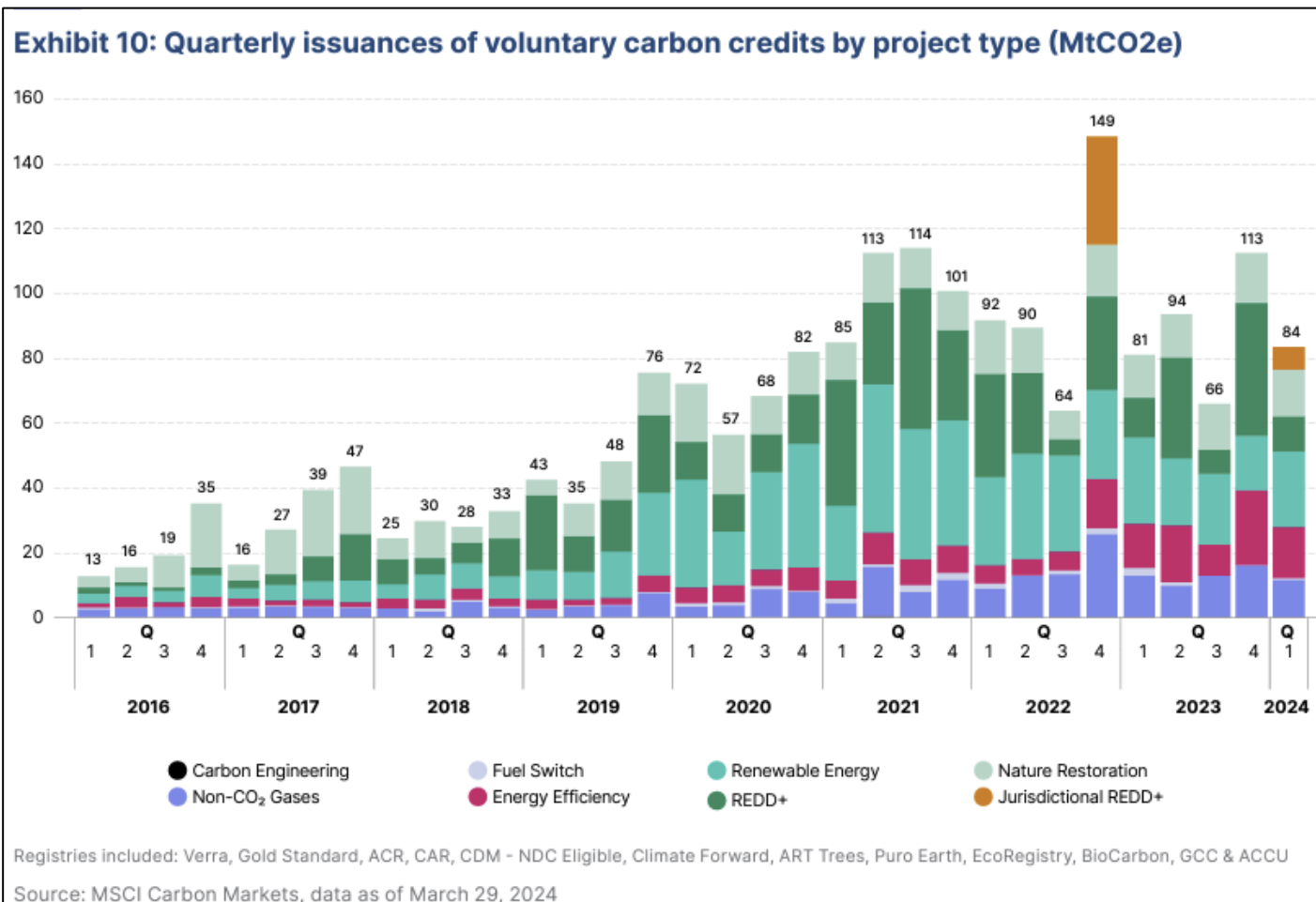


Source: The Guardian 2023



Source: Bloomberg UK (2021)

# Offsetting



## Climate target organisation faces staff revolt over carbon-offsetting plan

Employees at SBTi have called for their CEO to resign over controversial plans which they fear will enable greenwashing

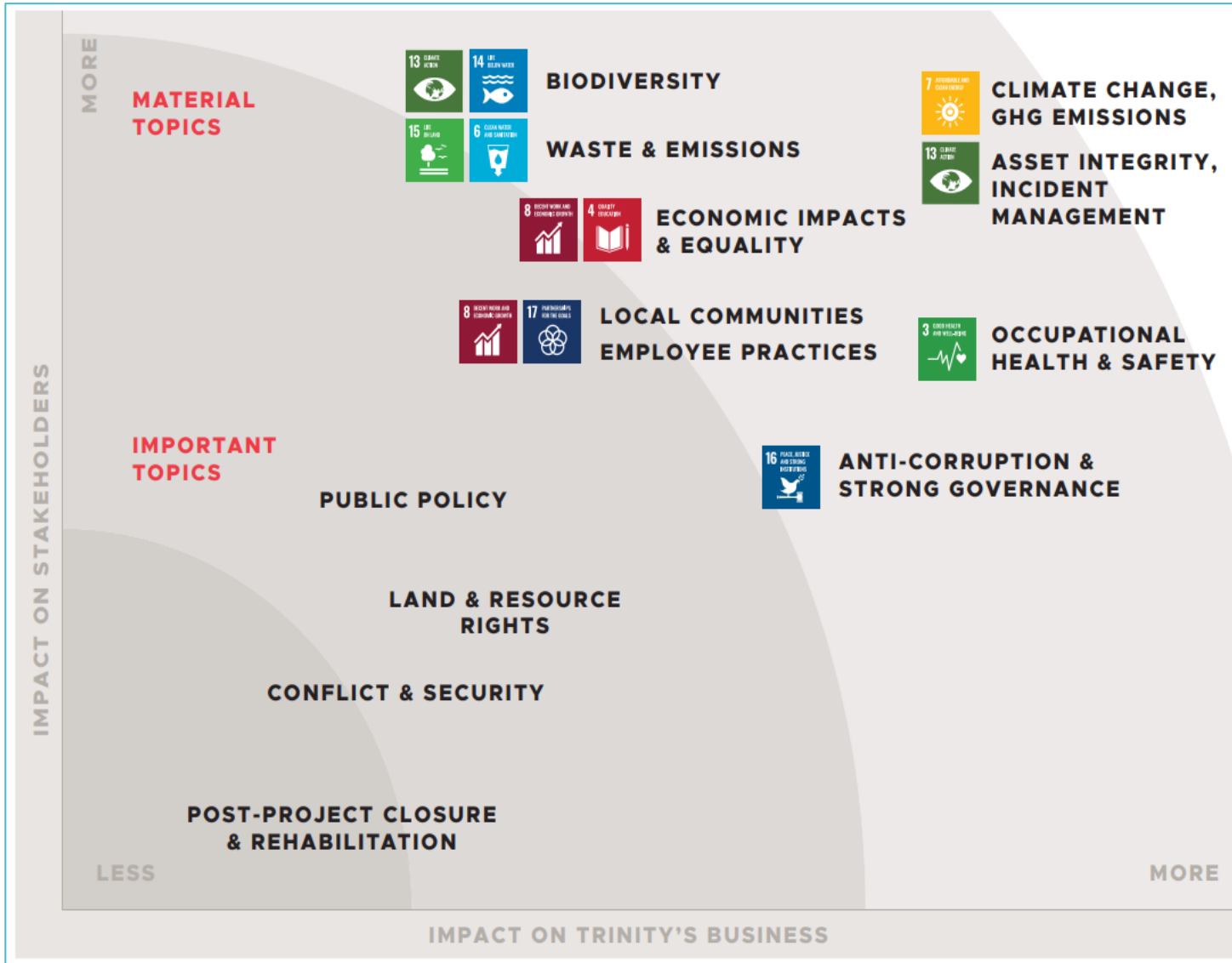


Source: [The Guardian 2024](#)

# Getting it right



# Base any ESG activities on risk and impact



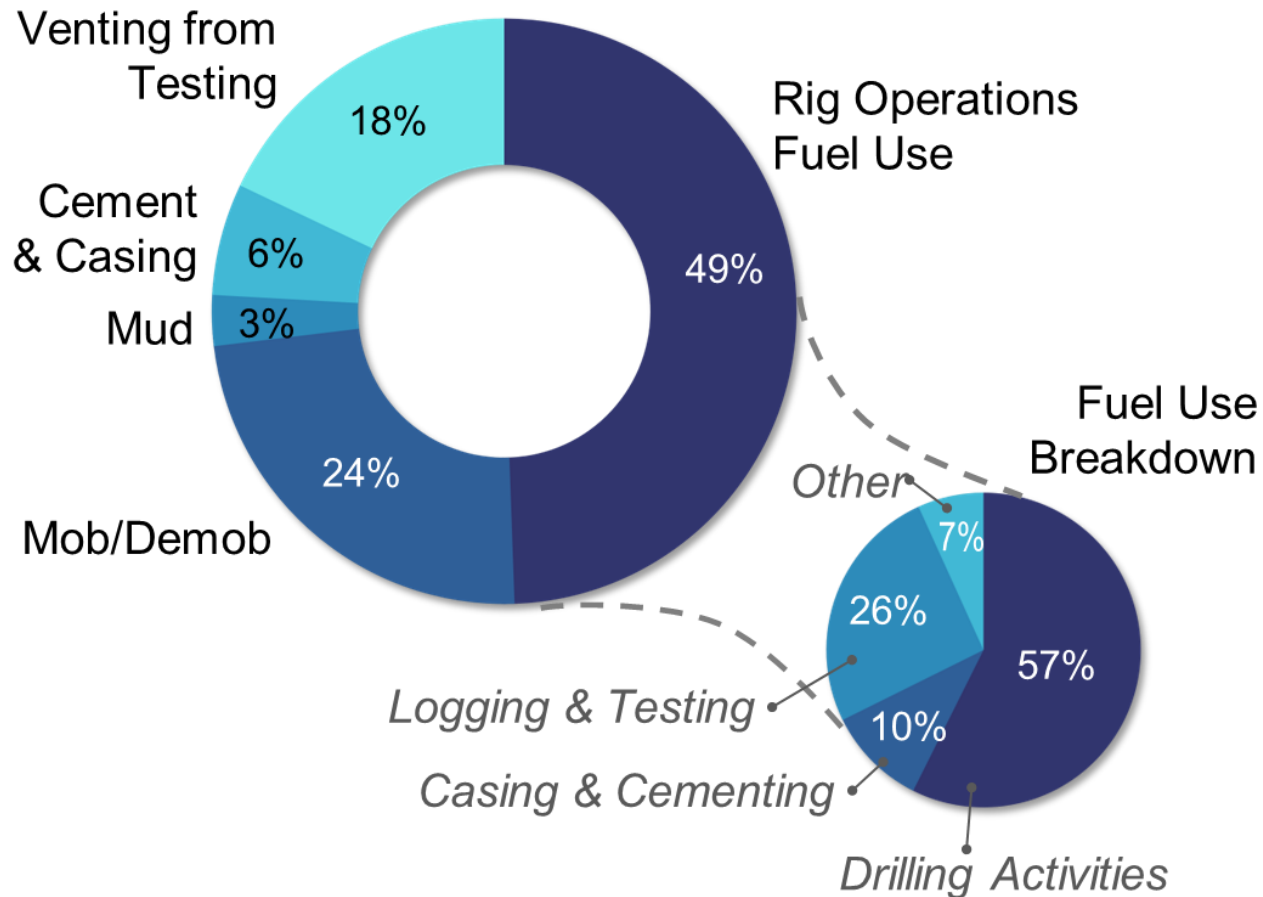
✓ Define

✓ Risk / impact

✓ Defendable

# Know your data - prepare to report asap

## Exploration Well CO<sub>2</sub>e footprint <sup>[1]</sup>



- ✓ All ESG related data
- ✓ Emissions Scope 1 & 2 ....and 3
- ✓ Give yourself time:
  - ✓ TCFD to IFRS/ISSB
  - ✓ CSRD
  - ✓ TNFD?

<sup>[1]</sup> Calculations based on analysis of actual exploration well by sustain:able

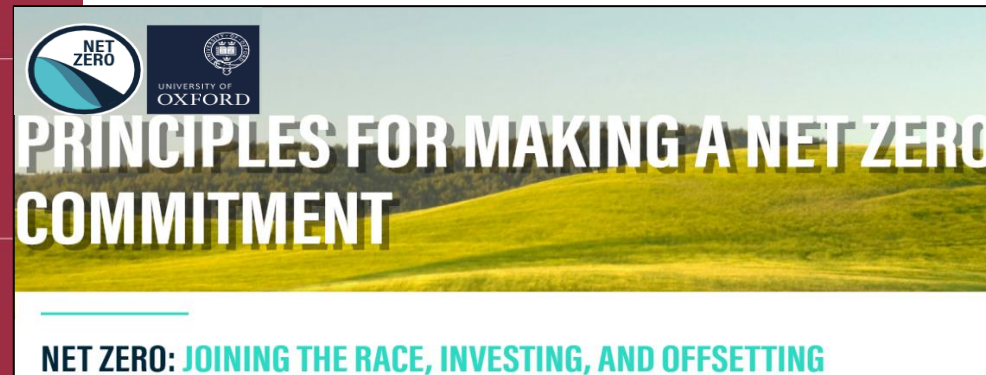
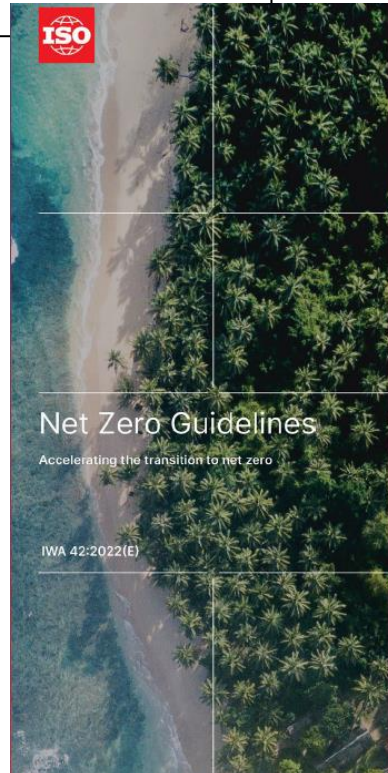
# Defendable Net Zero / emissions reduction plans



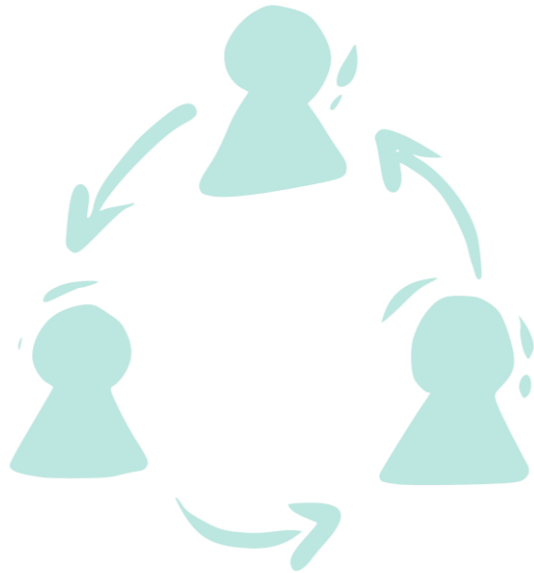
✓ All options explored - evidence

✓ Realistic

✓ Back up with data and action



# An ESG strategy is only as effective as its uptake



- ✓ Communication – internal / external
- ✓ Role identification within strategy
- ✓ ESG targets into KPI's

# Thank you for your time!

amanda@esgable.com